



AUGUST PRICE DEVELOPMENTS

6 September 2022

Summary

Consumer prices rose by 1.46% in August, and annual inflation increased by 0.61 points to 80.21%. In this period, annual consumer inflation decreased in energy and food whereas it went up in other groups. The most significant contribution to the rise in inflation came from core goods and services. In the core goods group, annual inflation increased across all subgroups. Meanwhile, in the services group, annual inflation dropped in transport while it rose in other subgroups, most visibly in other services and rents. In the food group, annual inflation declined in unprocessed food led by the prices of fresh fruits and vegetables whereas it remained on the rise in processed food. Energy inflation registered a decline on the back of fuel prices that decreased in line with the outlook of international oil prices. While monthly inflation in producer prices decelerated compared to previous months parallel to the outlook of international commodity prices, annual producer inflation decreased somewhat. Against this background, the seasonally adjusted monthly change in B and C indices remained elevated while their annual inflation continued to increase.

Price Developments are published within one working day following the announcement of price statistics by the Turkish Statistical Institute (TURKSTAT). Price Developments, which include the CBRT's initial remarks on the inflation figures of the previous month, aim to contribute to a sounder interpretation of the monthly inflation developments by the public during the period between the announcement of the official price statistics and the Monetary Policy Committee meeting.

Evaluations

Consumer prices rose by 1.46% in August, and annual inflation increased by 0.61 points to 80.21% (Chart 1). In this period, the annual rates of change in B and C indices were up by 4.07 and 4.39 points to 72.53% and 66.08%, respectively (Chart 2).

Among subcategories, core goods, services, and alcohol-tobacco-gold added 1.41, 0.86, and 0.05 points month-on-month to annual consumer inflation whereas the contributions of energy and food decreased by 1.02 and 0.69 points.

According to seasonally-adjusted data, the monthly increase posted some slowdown in the C index compared to the previous month, while it remained flat in the B index (Chart 3). Across the subcategories that make up the B index, monthly price increases decelerated slightly in core goods and processed food, but recorded a limited increase in services (Chart 4).

In August, services prices increased by 3.16%, and the group's annual inflation increased by 2.85 points to 54.30%. In this period, while annual inflation receded slightly in the transport group due to the outlook for fuel prices, it increased in other subgroups, most visibly in other services and rents (Chart 5). Prices in the other services subgroup went up by 3.96%, and annual inflation stood at 49.74%. While price increases were widespread across this subgroup, health, recreation-culture and insurance services came to the forefront in addition to education due to the increase in university tuition. The monthly increase in the rents group remained high at 4.40%, and seasonally-adjusted data suggested an acceleration compared to previous months. In the restaurants-hotels group, prices increased by 3.31% due to both food and accommodation services and annual inflation in this subgroup reached 80.95%. In transport services, as increases in urban passenger transport, air passenger transport and cargo fees were offset by the decline in intercity passenger transport by road, prices remained relatively flat in this period and the group's annual inflation edged down by 0.42 points.

In August, annual inflation in core goods rose by 5.98 points to 76.91%. In this period, annual inflation increased in all subgroups (Chart 6). Driven by automobiles and white goods, prices of durable goods (excluding gold) picked up by 2.65% in August. Thus, annual inflation in this subgroup reached 91.79%. As in the previous month, prices in the clothing and footwear group increased contrary to seasonal norms (1.21%), and annual inflation rose by 5.93 points to 37.38%. While price increases in other core goods spread across the group, household-related cleaning materials, pharmaceuticals and personal care products stood out, and the group's monthly inflation became 4.64%.

Energy prices fell by 2.68% in August, and annual inflation in this group dropped by 7.54 points to 121.73% (Chart 7). This was led by the decline in fuel prices following the receding international crude oil prices. After the decline in July, fuel prices decreased by 7.79% in this period. On the other hand, the upward trend in the prices of municipal water and solid fuels such as coal and wood continued.

Prices of food and non-alcoholic beverages increased by 0.85% in August, and their annual inflation fell by 4.40 points to 90.25% (Chart 7). Annual inflation fell by 11.49 points to 79.51% in unprocessed food, but rose by 2.36 points to 100.38% in processed food (Chart 8). In unprocessed food, seasonally adjusted data pointed to a decline in prices of fresh fruits and vegetables in this period. In the other unprocessed food subcategory, price hikes were notable for eggs and rice, while white meat prices continued to decline. The 3.41% increase in processed food prices was driven by bread-cereals, sugar and related products, canned vegetables and non-alcoholic beverages.

Domestic producer prices rose by 2.41% in August, and annual PPI inflation fell by 0.86 points to 143.75% (Chart 9 and Table 2). Across main industrial groupings, annual inflation decreased in energy, but increased in other groups (Chart 10). Prices continued to rise across subcategories in August, with tobacco, other mining and quarrying products, basic pharmaceuticals and paper and paper products in the lead. On the other hand, prices of refined petroleum products and base metals subgroups continued to fall due to the decline in international commodity prices.

Charts and Tables

Chart 1. CPI (Annual % Change)

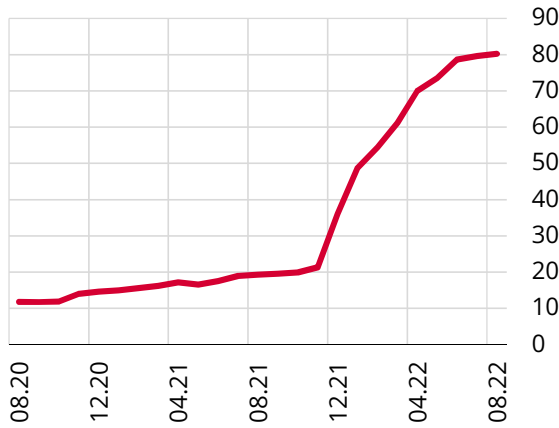


Chart 2. B and C (Annual % Change)

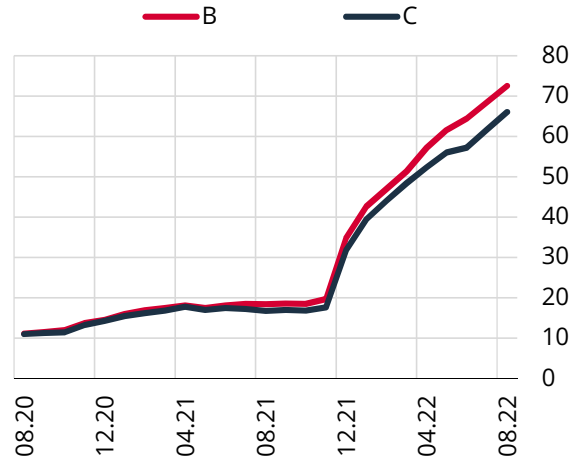


Chart 3. B and C Indices (Seasonally Adjusted, Monthly % Change)

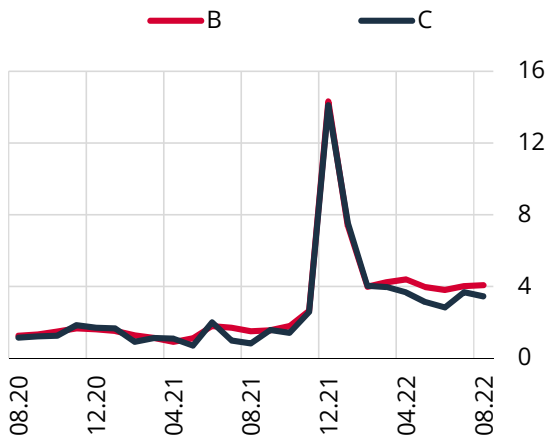
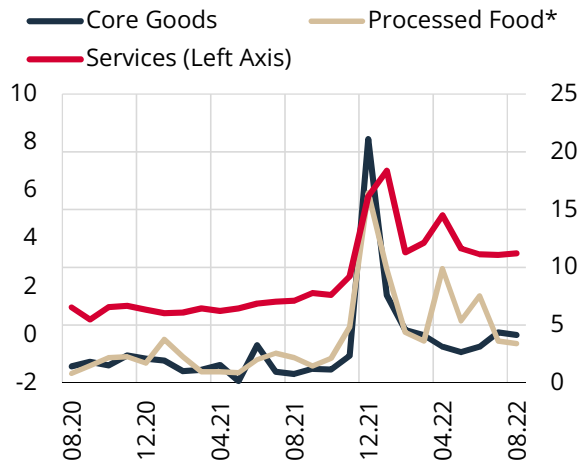


Chart 4. Main Components of B Index (Seasonally Adjusted, Monthly % Change)



* No seasonality detected for processed food.

Chart 5. Services (Annual % Change)

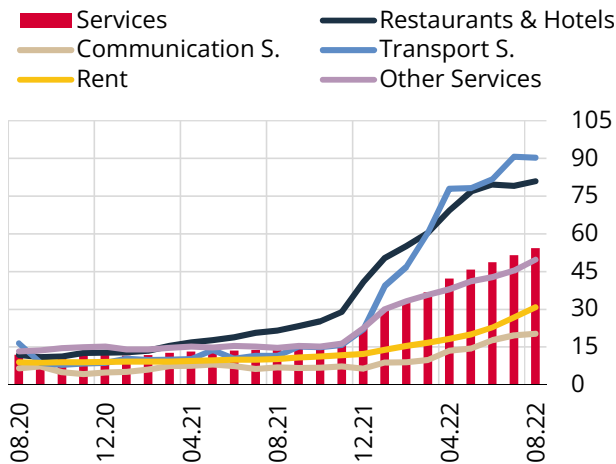


Chart 6. Core Goods (Annual % Change)

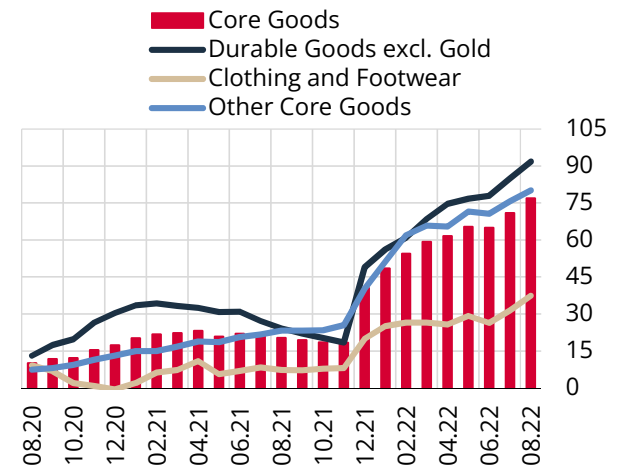


Chart 7. Food and Non-alcoholic Beverages and Energy (Annual % Change)

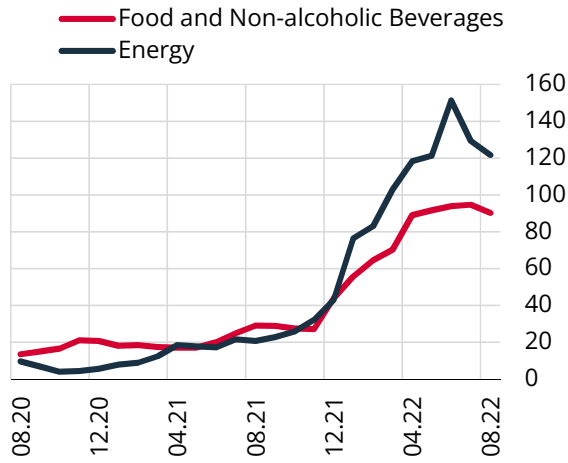


Chart 8. Processed and Unprocessed Food (Annual % Change)

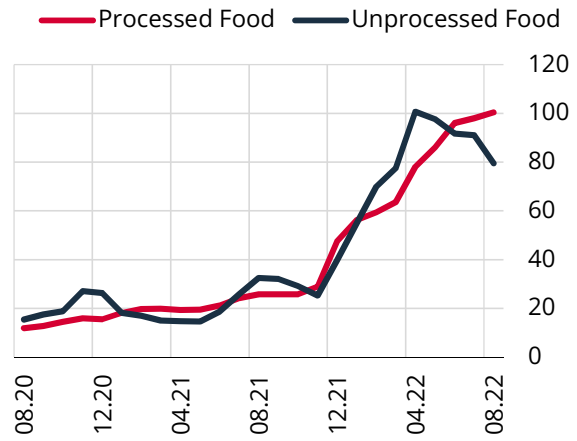


Chart 9. D-PPI and Manufacturing (Annual % Change)

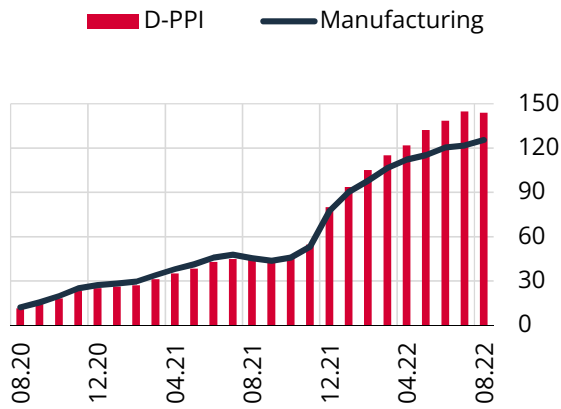
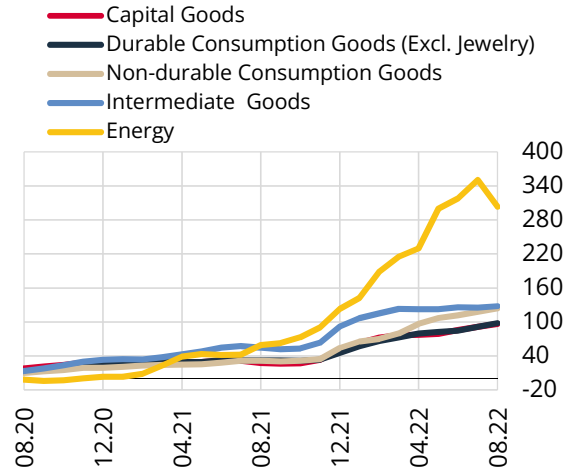


Chart 10. D-PPI Main Industry Groups (Annual % Change)



Tables

Table 1. CPI and Subcategories (% Change)

	Monthly		Annual	
	August 2022	August 2021	August 2022	August 2021
CPI	1.46	1.12	80.21	19.25
1. Goods	0.92	1.07	89.89	21.59
Energy	-2.68	0.63	121.73	20.72
Food and non-alcoholic beverages	0.85	3.18	90.25	29.00
Unprocessed food	-2.02	4.26	79.51	32.45
Fresh fruits and vegetables	-6.31	10.08	50.85	40.38
Other unprocessed food	0.07	1.35	95.30	28.53
Processed food	3.41	2.19	100.38	25.82
Bread and cereals	3.76	1.80	106.68	23.91
Other processed food	3.22	2.39	97.03	26.80
Goods excluding energy and food	2.69	-0.40	78.36	16.57
Core goods	3.06	-0.43	76.91	20.28
Durable goods (excluding gold)	2.65	-1.02	91.79	24.21
Clothing and footwear (*)	1.21	-3.16	37.38	7.29
Other core goods	4.64	2.08	80.12	23.27
Alcoholic beverages and tobacco	0.09	0.18	82.49	1.79
Gold	4.47	-2.44	106.45	7.38
2. Services	3.16	1.25	54.30	13.88
Rents	4.40	1.17	30.81	10.22
Restaurants and hotels	3.31	2.27	80.95	21.48
Transport	0.16	0.38	90.29	11.41
Communication	1.64	1.09	20.29	6.87
Other	3.96	0.91	49.74	14.62
3. Core Measures				
B - CPI excluding unprocessed food, energy, alcoholic beverages tobacco and gold	3.17	0.74	72.53	18.46
C - CPI excluding energy, food and non-alcoholic beverages, alcoholic beverages, tobacco and gold	3.10	0.38	66.08	16.76
D - CPI excluding unprocessed food, alcoholic beverages and tobacco	2.06	0.69	80.22	18.58
F - CPI excluding administered prices	1.38	1.26	80.10	20.60

Source: TURKSTAT.

* Does not cover clothing services.

Table 2. D-PPI and Subcategories (% Change)

	Weight (%)	August 2022		August 2021	
		Monthly	Annual	Monthly	Annual
D-PPI	100	2.41	143.75	2.77	45.52
Mining	3.56	4.10	153.28	2.72	31.81
Manufacturing	87.43	2.94	125.43	1.24	45.37
Manufacturing excl. petroleum products	84.97	3.29	121.42	1.51	43.44
Manufacturing excl. petroleum products and base metals	76.27	3.86	123.84	1.32	37.20
Electricity, gas, steam and air-conditioning sup.	8.29	-1.07	348.39	19.53	48.39
Water supply	0.72	4.03	90.01	0.90	28.61
D-PPI (MIGs Classification)					
Intermediate Goods		3.20	127.82	2.12	54.71
Durable Consumption Goods		4.55	99.54	1.07	29.12
Durable Consumption Goods (Excl. Jewelry)		4.67	97.84	1.38	31.98
Non-Durable Consumption Goods		3.69	124.14	0.94	31.49
Capital Goods		3.03	96.53	0.45	27.48
Energy		-1.71	303.48	9.77	59.39

Source: TURKSTAT.